



1776 K STREET NW  
WASHINGTON, DC 20006  
PHONE 202.719.7000

www.wileyrein.com

November 9, 2017

Shawn H. Chang  
202.719.4456  
SChang@wileyrein.com

**VIA ELECTRONIC FILING**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

Re: Notice of Oral *Ex Parte* Presentation; Bridging the Digital Divide for Low-Income Consumers, WC Docket No. 17-287; Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42; Telecommunications Carriers Eligible for Universal Service Support, WC Docket No. 09-197

Dear Ms. Dortch:

In accordance with Section 1.1206 of the Federal Communications Commission's ("Commission") rules, 47 C.F.R. § 1.1206, this letter notifies the Commission that on November 7, 2017, Mark Rubin and David Avila of TracFone Wireless, Inc. ("TracFone"), and Shawn Chang of Wiley Rein LLP and counsel for TracFone, met with Commissioner Jessica Rosenworcel and Travis Litman of Commissioner Rosenworcel's office to discuss the above-referenced proceedings.

The parties discussed TracFone's involvement in the federal Lifeline program and its longstanding role in advocating reforms to prevent waste, fraud, and abuse in the Lifeline program. The parties also discussed concerns regarding the draft *Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry* currently pending before the Commission in the above-referenced proceedings. TracFone explained how certain proposals in the draft item, if adopted, would hamper the ability of telecommunications providers to offer Lifeline services, reduce choice and competition in the Lifeline market, depress broadband investment, and deprive low-income customers of access to the Lifeline program. The parties discussed how conduct-based rather than status-based criteria for determining waste, fraud, and abuse are much more precise and appropriate.

TracFone provided Commissioner Rosenworcel and Mr. Litman with a written presentation document which summarized key points. A copy of that document is enclosed herewith.



Ms. Marlene H. Dortch

November 9, 2017

Page 2

Please contact the undersigned with any questions.

Best regards,

/s/ Shawn H. Chang

Shawn H. Chang  
*Counsel for TracFone Wireless, Inc.*

cc: Commissioner Jessica Rosenworcel  
Travis Litman

Enclosure

# **TracFone Wireless, Inc.**

## **Lifeline Presentation**

**November , 2017**



## Road Map

---

- About TracFone
- Exclusion of Wireless Resellers from the Lifeline Program
- TracFone Petition on “units” to meet minimum service standards
- 60 day port-freeze for voice and broadband services

# TracFone is a Lifeline Service Innovator

---

- Largest provider of Lifeline services in the nation with over 4 million subscribers. Service is available in 42 states + D.C.
- Current offering: free smartphone plus 350 minutes of voice, unlimited text, and 500 MB of mobile data
- First company to offer wireless service at no charge to Lifeline households.
- First company to provide wireless devices (at TracFone's own expense) to Lifeline consumers.
- Provides all distance service
- No roaming charges - SafeLink® service can be used anywhere in the U.S.
- TracFone service features include:
  - Caller ID
  - Call waiting
  - 3-way calling
  - 411 Directory Assistance
  - SMS text messaging (unlimited).

## TracFone has been the Industry Leader in Preventing Waste, Fraud and Abuse

---

Several of TracFone's waste, fraud and abuse prevention proposals have been adopted by the FCC. They include:

- Elimination of wasteful and unnecessary Link Up support for wireless ETCs.
- Require ETCs to collect applicants' date of birth and Social Security number (and have that information verified by reputable third parties such as LEXIS-NEXIS).
- De-enrollment for 60 days' non-usage.
- Require ETCs to have all customers re-certify their eligibility annually (rather than the previous FCC requirement of verifying only a limited "random sample" of customers).
- Require ETCs to retain and make available for audit documentation of program-based Lifeline eligibility provided by customers (It made no sense to require providers to obtain customer eligibility documentation if there was no requirement that they prove that they obtained such documentation).

# Limiting Carrier Participation to Facilities-based Providers Only

---

- Impact: nearly 70% of all Lifeline participants subscribe to mobile voice or broadband services provided by resellers today, that means over 7.3 million existing Lifeline households will lose their current service.
- Based on TracFone's own survey of Safelink subscribers:
  - Single moms 31% (3 million of existing participants)
  - Elderly 14% (1.4 million)
  - Veterans 12% (1.2 million)
  - Minorities 40% (3.9 million)
- Most parts of country will only have one monopoly facilities-based wireless provider (Sprint), some parts no wireless providers at all if resellers are excluded.
  - Denies Lifeline participants the benefit of mobility
  - Many facilities-based Lifeline providers have already opted-out of providing Lifeline-supported broadband services.
  - Less competition & choice = less participation

## Limiting Carrier Participation to Facilities-based Providers Only

---

- FCC rationale #1: Lifeline is no longer an anti-poverty program focused on making telecom services more affordable; instead it will become an infrastructure deployment program aimed at subsidizing rural carriers.
- Response:
  - Section 254 directs the Universal Service Fund program to address the needs of low-income consumers. A singular emphasis on rural deployment ignores the higher poverty rates in urban areas (16%) than rural areas (13.3%)
  - Proposal does nothing to promote access to advanced communication services since it does not require Lifeline eligible households to provide Lifeline-subsidies broadband services.
  - Rural carriers are further incentivized to provide stand-alone voice services rather than investing in deployment of broadband networks.



## Limiting Carrier Participation to Facilities-based Providers Only

---

- FCC rationale #2: excluding resellers will greatly reduce waste, fraud, and abuse.
- Response:
  - Selective enforcement by the FCC targeting resellers in the past (see 2012 IPV results)
  - Facilities-based Lifeline providers also subject to Commission fines over waste, fraud, and abuse
  - Status as facilities-based or non-facilities based provider a poor proxy for waste, fraud and abuse
    - Other objective standards may exist to separate good actors from bad actors.

# TracFone Petition on “units” to meet minimum service standard

---

- December 1, 2017, scheduled increase of minimum service standards
  - Voice: increase from 500 minutes/month to 750 minutes/month
  - Data: increase from 500MB per month to 1GB per month
- TracFone request for FCC to clarify that the rules allow Lifeline providers to meet the minimum standards through 1,000 “units” provided to each Lifeline customer
  - 1 unit = 1 minute = 1 MB of mobile broadband data
  - Lifeline customer decides how to use monthly allotment
  - Proposal part of the NPRM seeking comments, but new standards are only weeks away
- Benefits of the proposal:
  - empowers low-income consumers to obtain the highest value for their Lifeline benefits
  - Still meets minimums service standards required for both voice and broadband

## 60 Day Port Freeze

---

- Agrees that 12 month port freezes deny consumer choice and are inappropriate.
- 60 day port freeze is consistent with current USAC practice.
- A reasonable approach to accommodate consumer choice and preventing some consumers from “gaming” the system as has happened in California.
- Any Lifeline customer whose service does not work reliably at home should be free to switch providers at any time.